

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



Industry Circular No. 59-48

July 8, 1959

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TRANSFER OF WINE IN BOND IN RESERVE INVENTORY

Proprietors of bonded wine cellars
and others concerned:

Purpose. This circular is to inform you of the procedure to be followed when wine in reserve inventory is transferred in bond to an affiliated bonded wine cellar, located within the same State, for the addition of wine spirits or sweetening, or both, as provided in section 240.371 of the wine regulations.

Background. Public Law 85-859 amended section 5392 of the Internal Revenue Code of 1954 to include in the term "own production" wine produced by fermentation in bonded wine cellars owned or controlled by the same or affiliated persons or firms when located within the same State.

Procedure by consignor: When wine in reserve inventory is transferred in bond, to an affiliated bonded wine cellar located within the same State, the sugar credits, if any, (as shown on Form 2055) must also be transferred for each lot. The sugar credits available for all wine remaining on hand in reserve inventory must be recomputed and entered on Form 2055. An appropriate entry should be made on Form 2055 on the date of transfer; an entry should be made on line 24 or 25 of Form 702 for the month, showing, "Transferred to affiliated BWC's - Reserve Inventory"; and the gallons of wine transferred should be entered in column "d". The Form 703, prepared by the consignor bonded wine cellar, for each such transfer must show on the reverse side thereof the following additional information:

1. Pounds of sugar credits transferred with this lot

_____.

2. Transferred in reserve inventory on _____
(Date)

Procedure by consignee: On receipt, the consignee bonded wine cellar shall enter the wine in his reserve inventory account, and enter the pounds of sugar credits transferred with each lot on his record, Form 2055. The sugar credits available for all the wine in reserve inventory must be recomputed and entered on Form 2055. An appropriate entry should be made on line 8 or 9 of Form 702 for the month, showing, "Rec'd from affiliated BWC's - Reserve Inventory"; and the gallons of wine received should be entered in column "d".

Inquiries. Inquiries regarding this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).


Dwight E. Avis
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